



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

September 30, 2005

In reply refer to: PTT-5

To Parties Interested in Power Business Line Transfer Service:

In April 2005, BPA executed an Agreement Regarding Transfer Service (Agreement) with customers served through General Transfer Agreements (GTA) or Open Access Transmission Tariff (OATT) arrangements. This Agreement was the first step in resolving a number of customer concerns regarding BPA's commitment to provide long-term transfer service. As part of the Agreement, BPA committed to identify the process that would address outstanding transfer service concerns and the future transfer service policy by Oct. 1, 2005. This letter provides notice to our customers and other interested parties that the Power Business Line (PBL) will hold a kick-off meeting on Wednesday, Oct. 19, 2005, to discuss the development of PBL's Long-Term Transfer Service Policy.

Public Meeting

The Oct. 19, 2005 public meeting will be held in Portland from 1:00-4:30 p.m. in the Rates Hearing Room (#223), located at 911 NE 11th Ave., Portland, Oregon. Interested parties can access meeting material on BPA's website at www.bpa.gov/power/regionaldialogue. If you wish to participate via telephone, please call Rhonda Weide, (503) 230-5726.

At this kick-off meeting we will review the Agreement, discuss unresolved issues listed in Exhibits A and B of the Agreement (enclosed), clarify PBL's existing policies as they relate to these issues, and discuss the process for coming to resolution on these issues. At the conclusion of the meeting we would like to propose a schedule for this process that parallels the Regional Dialogue process.

For More Information

If you would like more information on this process, please contact your Power Business Line Customer Account Executive, Constituent Account Executive or call toll free (800) 622-4519. We look forward to seeing you at the meeting.

Sincerely,

/s/ Elliot Mainzer

Elliot Mainzer
Vice President, Bulk Power Hub (Acting)

Enclosures: Exhibits A and B

Exhibit A
OTHER ISSUES AS THEY RELATE TO TRANSFER SERVICE

1. Development of Direct Assignment Guidelines for Transfer Service customers, including:
 - (a) Treatment of costs and allocation of responsibilities associated with facilities not included in the definition of Transmission Component Costs (*e.g.*, low voltage service).
 - (b) Treatment of costs and allocation of responsibilities associated with upgrades on facilities not included in the definition of Transmission Component Costs:
 - (1) Expansion of facilities and upgrades to existing facilities.
 - (2) New facilities (*e.g.*, new substations).
2. Quality of service.
3. Respective roles of customers and BPA in management of General Transfer Agreements (GTA), including whether to do periodic evaluations of the costs or benefits of replacing GTA with Open Access Transmission Tariff service.
4. Treatment of costs of, and allocation of responsibility for, ancillary services.

Exhibit B
OTHER ISSUES AS THEY RELATE TO POWER DELIVERY

Please Note: This enclosure to the Sept. 30, 2005, letter was updated on Oct. 3, 2005, to remove a specific customer's name that was inadvertently left in the document.

1. Non-Federal Power Deliveries

The treatment of costs associated with transmission service provided by Third Party Transmission Providers, other than BPA or a regional transmission organization, for delivery of non-federal power to (*transfer service customer*).

2. Transfer Service for Annexed Load

Service to load in annexed territories, as defined in (*transfer service customer*) Power Sales Agreement.

3. Transfer Service for Block and Slice Power Sales Agreements

Issues as they relate to Block and Slice Power Sales Agreements, including:

- (a) Delivery of surplus energy under Block and Slice Power Sales Agreements to GTA customer load; and,
- (b) Service to customers for hourly generation in excess of hourly load under Block and Slice Power Sales Agreements.